GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:277
ANSWERED ON:10.03.2003
DECLINE IN PRICES OF CROPS
MINATI SEN;SUNIL KHAN

Will the Minister of AGRICULTURE be pleased to state:

(a) whether cash crops and plantation crops in the country experienced sharp price decline during recent years;

(b) if so, the details of the crops which experienced the price decline alongwith the reasons for the same;

(c) whether lifting of Quantitative restrictions has resulted in the price decline of these produces;

(d) if so, whether the Government propose to review its decision on Quantitative restrictions in order to enhance the tariff rate on imports of the same articles;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

Answer

MINISTER OF AGRICULTURE (SHRI AJIT SINGH)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFFERED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO.277 DUE FOR REPLY ON 10TH MARCH, 2003.

(a) to (f): According to the Annual Average Wholesale Price Index (1993-94=100) for the period 2000-2001 to 2002-2003, (upto February, 2003), there has been a mixed trend in the prices of cash crops and plantation crops, which may be seen from the figures given in the Annexure. In the case of sugarcane and oilseeds there has been an upward trend during the last three years. However, in the case of cotton, tea, coffee, arecanut and black pepper there has been a downward trend in prices during this period. It is difficult to attribute decline in prices to removal of Quantitative Restrictions (QRs) because domestic prices of a number of cash crops and plantation crops move in tandem with international prices. The competition from abroad also assumes importance in this context. For example, pepper has been facing increased competition from the traditional Pepper producing countries like Indonesia, Brazil, and Malaysia. As regards arecanut, the unprecedented growth in area and production with limited domestic demand have resulted in supply − demand imbalances, which have pushed down prices. As regards rubber, prices have fallen in recent years due to decline in consumption by the tyre industry which accounts for around 60% of domestic consumption. However, there has been an increase in prices in both domestic and international prices of rubber in 2002.

With the removal of QRs, the import duty on tea and coffee has been increased from 70% to 100% and both commodities have been placed on the list of sensitive items, imports of which are being monitored closely. Customs duty on natural rubber and arecanut has been fixed at 25% and 100% respectively which is at par with W.T.O. bound rate. The import duty on cotton has been doubled from 5% to 10% and that on black pepper has been revised to 70%.

As regards natural rubber, the Government has made market intervention through State Trading Corporation (STC) and procured around 55,000 metric tonnes of natural rubber which has been sold to Advance Licence Holders (ALH) at international prices; imports against Advance Licence have also been banned and this ban is in force even in a QR free regime in view of the surplus availability of rubber in the domestic market. Further, to enable natural rubber cultivators to get a reasonable price for their produce, Government has fixed the Minimum Price of two most commonly used classes of rubber, viz RSS 4 and RSS at Rs.3209 per quintal and Rs.3079 per quintal respectively. Government has also approved a Price Stabilisation Fund (PSF), which would benefit the growers of tea, coffee, rubber and tobacco. The PSF Scheme will be implemented from April, 2003 onwards for a period of ten years. Regarding cotton, it is covered under the Price Support Scheme (PSS) where in the event of prices falling below the Minimum Support Price (MSP), the Cotton Corporation of India (CCI), the central nodal agency enters the market and undertakes the procurement of cotton.

Annexure referred to in the answer to Starred Lok Sabha Question 277 due for reply on 10.03.2003:

Trends in Wholesale Price Index of cash/plantation crops. (Base 1993-94=100)

Commodity	2000-01	2001-02	2002-03 (April-Feb.)

Raw cotton	157.3	148.7	140.0
Raw jute	149.8	182.5	159.8
Sugarcane	173.3	187.3	199.1
Oilseeds (Group#)	129.3	137.6	154.1
Tea	128.7	117.4	118.5
Coffee	126.5	101.7	88.5
Cashewnut	131.6	120.0	129.7
Betelnut (Arecanut)	194.0	143.2	135.7
Tobacco	163.7	155.0	172.7
Black pepper	501.4	246.6	248.0

The Group consists of nine oilseeds, namely, groundnut, castorseed, sesamum, nigerseed, rapeseed & mustard, linseed, safflower, sunflower and soyabean. The trends in prices of these oilseeds are given in the following table:

Annual Average Wholesale Prices in Rs. Per quintal

Commodity	Centre	2001	2002	2003
Groundnut with shell	Rajkot (Gujarat)	1218	1508	1985
Rapeseed & Mustard	Kanpur (U.P.)	1250	1394	1553
Sesamum seed	Hyderabad (A.P.)	1526	1777	2230
Safflower seed	Jalna (Maharashtra)	1182	1350	1600
Sunflower seed	Khamgaon (Maharashtra)	1314	1554	1648
Niger	Ranchi (Jharkhand)	1459	1470	1950
Soyabean	Dewas (M.P.)	998	1275	1345
Copra	Kozhikode (Kerala)	2335	3179	4100
Cotton seed	Rohtak (Haryana)	1044	1036	1100